RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Board of Directors (the "**Board**") of MindChamps PreSchool Limited (the "**Company**") refers to the following queries raised by the Singapore Exchange Securities Trading Limited on 17 May 2023 in relation to the Company's Annual Report and Sustainability Report for the financial year ended 31 December 2022 (the "**FY2022 Annual Report**"), and sets out the Company's response as follows:

Question 1:

Listing Rule 704(6) provides that "In addition to Rule 704, an issuer must immediately announce the following:- if an issuer has previously announced its preliminary full-year results, any material adjustments to its preliminary full-year results made subsequently by auditors."

We refer to the audited accounts in the FY2022 annual report at pages 93 and 94 (in particular, the consolidated statement of comprehensive income and consolidated statement of financial position). Please provide an explanation for the material difference in the amount of the following items as compared to the unaudited financial results for FY2022:

(i) Audited profit before income tax of S$2,842,000 as compared to the unaudited profit before tax of S$2,646,000; and

(ii) Group's audited current assets of S$31,665,000 as compared to the Group's unaudited current assets of S$33,553,000.

Please also provide an explanation as to why there is no announcement for the aforementioned material differences.

Company's Response:

(i) The variance between the preliminary final results and the audited accounts in the FY 2022 Annual Report in profit before income tax is mainly due to additional share of profit of $301,000 from associates and joint ventures offset by additional depreciation expenses of $138,000 on right of use assets.

(ii) The variance between the preliminary final results and the audited accounts in the FY 2022 Annual Report in current assets is mainly due to reclassification of $1,810,000 from receivables to payables.

The Company is of the view that the adjustments made to the preliminary full year results are not material adjustments as there was no material impact to the cash flow and net asset as a result of the adjustments.

Question 2:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your FY2022 annual report on how it is consistent with the intent of Principle 8 of the Code.

We refer to page 64 which states amongst others that, "Given the confidentiality of and commercial sensitivity attached to remuneration matters, the Board believes that disclosing in the respective bands and disclosing in aggregate the total remuneration of the Directors provides a sufficient overview of the remuneration of the Directors."

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response:

The Company had disclosed on page 64 of its FY2022 Annual Report the reasons for deviating from Provision 8.1, as follows:

"The remuneration of the Directors, including the CEO, is disclosed in bands of S$100,000 instead of rounded to the nearest thousand dollars, as the Board is of the view that such disclosure provides a balance between detailed disclosure and confidentiality. Given the confidentiality of and commercial sensitivity attached to remuneration matters, the Board believes that disclosing in the respective bands and disclosing in aggregate the total remuneration of the Directors provides a sufficient overview of the remuneration of the Directors."

The Company had also disclosed on page 63 of its FY2022 Annual Report that:

(i) The remuneration of the Company's Executive Director and key management personnel has been formulated to attract, retain and motivate individuals the Group relies on to achieve its business strategy and create long-term value for its shareholders. The Remuneration Committee believes that fair performance-related pay should motivate good performance and that rewards should be closely linked to and commensurate with it. A significant and appropriate proportion of the Executive Director's and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is also aligned with the achievement of the objectives of their functions and the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

(ii) Mr David Chiem Phu An does not receive a Director's fee. His service agreement provides for compensation in the form of a fixed monthly salary and a variable and/or performance bonus which may be awarded for each financial year of the Company during the continuance of his employment, to be determined by the Board, based on his performance and the performance of the Company for that financial year.

(iii) The Remuneration Committee is of the view that the remuneration of the Company's Non-Executive Directors is appropriate to their level of contribution, taking into account factors such as effort and time spent and the role and responsibilities of the Non-Executive Directors, and the said remuneration does not compromise the independence of the Non-Executive and Independent Directors.

The Company is of the view that the practices that the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Question 3:

Listing Rule 1207(19)(c) states that a listed issuer and its officers should not deal in the listed issuer's securities during the period commencing two weeks before the announcement of the company financial statements for each of the first three quarters of its financial year and one month before the announcement of the company's full year financial statements (if the issuer announces its quarterly financial statements, whether required by the Exchange or otherwise), or one month before the announcement of the company's half year and full year financial statements (if the issuer does not announce its quarterly financial statements).

Please confirm whether the Company (rather than just its directors and employees of the Group) is also subject to the prohibition pursuant to Listing Rule 1207(19)(c) (i.e., buybacks).

Company's Response:

Yes. The Company had disclosed on page 74 of its FY2022 Annual Report that Directors and employees of the Group are prohibited from dealing with the Company's securities on short-term considerations and during the period commencing one month before the announcement of the Company's half year and full year financial statements, in compliance with Rule 1207(19) of the Listing Manual.

Memoranda are issued to all Directors and employees of the Group to remind them of, inter alia, laws of insider trading and the importance of not dealing in the shares of the Company on short-term consideration or during prohibited periods. Directors and employees are expected to observe the insider trading laws at all times even when dealing in shares of the Company within permitted trading periods.

In the Memoranda, which is the Company's Guidelines For Dealings In Securities, the Company is also prohibited from dealing in the shares of the Company during the blackout periods.

MindChamps PreSchool Limited
19 May 2023